

ONE HUNDRED FIRST LEGISLATURE - SECOND SESSION - 2010

COMMITTEE STATEMENT (CORRECTED)

LB266

Hearing Date: Monday January 26, 2009
Committee On: General Affairs
Introducer: Karpisek
One Liner: Adopt the Racetrack Gaming Act and change provisions relating to horseracing

Roll Call Vote - Final Committee Action:

Indefinitely postponed

Vote Results:

Aye: 7 Senators Coash, Cook, Dierks, Dubas, Krist, Price, Rogert

Nay:

Absent:

Present Not Voting: 1 Senator Karpisek

Proponents:

Senator Russ Karpisek
Alan Peterson
Greg Hosch
Jim Oberkirsch
Diane Simmons
Jesse Compton
Edward Ziemba
Gayle Carey
Jerry Fudge
David Anderson
Jim Moylan
Alan Usher
Lana Jones

Representing:

Introducer
Omaha Exposition & Racing, Inc
Horsemen's Park
The Innovation Group on behalf of Horsemen's Park
Self
Self
NQHRA & Hastings Exposition & Racing
Self
NE HBPA
NE HBPA
NE Liquor Beverage Assn.
Self
Self

Opponents:

Al Riskowski
Dave Bydalek
Pam Redfield
John Dittman
Kathleen Holkeboer
Thomas Meradith
Lyle Japp
Ruth Lienemann
Dale Monsell
Pat Loontjer

Representing:

NE Family Council
Family First
Self
Chairman & Chief Executive Officer, Cornhusker Bank
Self
Self
Gambling with the Good Life
Self
Gambling with the Good Life
Gambling with the Good Life

Neutral:

Dennis Lee
Timothy Keigher
Larry Dix

Representing:

NE State Racing Commission
NE Petroleum Marketers & Convenience Store Assn.
NACO

Loy Todd
Gary Krumland
Wm. D. Kurtenbach
Curtis Smith
Craig Wulf

NE New Car & Truck Dealers Assn.
League of NE Municipalities
NE Cooperative Government
Associated General Contractors
Self

Summary of purpose and/or changes:

LB 266 establishes the Racetrack Gaming Act subject to the passage of LR 6CA, which is a constitutional amendment that would allow slot machines at horseracing facilities.

Details

Sec. 1 - Names the Act the Racetrack Gaming Act.

Sec. 2 - The Racetrack Gaming Act is the enabling legislation for LR 6CA.

Sec. 3(1) - The State Racing Commission is responsible for licensing, regulating, and administering racetrack gaming. The local political subdivision must approve the license before the State Racing Commission can issue the license.

Sec. 3(2) - Racetrack gaming proceeds will be allocated as stated in LR 6CA in the following manner:

40% is allocated to the Highway Trust Fund.

2% is allocated for the administrative expenses incurred by the State
Racing Commission.

39% is shared among the racetrack gaming licensees to cover operating
costs.

1% is allocated to the Compulsive Gamblers Assistance Fund.

4% is allocated to the local governing political subdivisions.

10% is allocated to enhancing prize purses.

2% is allocated to the development and improvement of the thoroughbred
breeding industry in Nebraska.

2% is allocated to the development and improvement of the quarterhorse
industry, large-animal veterinary medicine, and equine therapy.

This section also requires an independent audit be conducted.

Sec. 3(3) - The gross revenues will not be double taxed by the state, meaning that while the gross revenues are initially taxed by the state, the recipients are not exempt from state income taxes.

Sec. 3(4) - Funds including gross receipts shall be paid into the Gaming Administration Cash Fund to be used for the State Racing Commission's expenses.

Sec. 4 - Defines Central Computer (1), Commission (2), Distributor (3), Gaming (4), Gaming Agent (5), Gaming Device (6), Gaming Floor (7), Gaming License (8), Gross Gaming Revenue (9), Manufacturer (10), Political Subdivision (11), Racetrack (12), Racetrack Enclosure (13), and Racetrack Gaming Facility (14).

Sec. 5 - Outlines the powers and duties of the State Racing Commission in regulating and administering racetrack gaming.

Sec. 6 - Outlines the application process for acquiring a license. Application requires a non-refundable fee of \$5,000 for a racetrack gaming license, \$25 for an occupational license, and \$250 for a distributor's or manufacturer's license (3). Once the license is granted, but prior to its issuance, the licensee is required to pay an additional non-refundable fee of \$50,000 for a racetrack gaming license and \$25,000 for a contract license, but no additional fee for an occupational, distributor's, or manufacturer's license.

Sec. 7 - Licenses for racetrack gaming or contracts are issued for no longer than 5 years and no longer than one year for occupational, distributor's or manufacturer's license.

Sec. 8 - An individual must be at least 21 years old and present to place wagers. An individual under the age of 21 is not allowed on the gaming floor unless the individual is at least 18 years old and employed to work on the gaming floor, but in a manner unrelated to racetrack gaming.

Sec. 9 - Establishes record keeping requirements for the racetrack gaming licensee.

Sec. 10 - Requires manufacturers and distributors to apply annually by April 1st for a license (1). A racetrack gaming licensee must acquire gaming devices from a licensed distributor (2). The State Racing Commission must first approve any selling or giving of gaming devices by one licensee to another (2). Prohibits a racetrack gaming licensee or contract licensee from also being a manufacturer or distributor (3). Grants the State Gaming Commission the authority to suspend the license of a distributor or manufacturer for violating the Racetrack Gaming Act or a subsequent rule and regulation (4).

Sec. 11 - Requires the State Racing Commission to inspect and approve gaming devices prior to operation.

Sec. 12 - Permits the State Racing Commission to hire agents to help monitor racetrack gaming operations.

Sec. 13 - Requires that the gaming devices be connected to the State Racing Commission's central computer.

Sec. 14 - Requires the State Racing Commission through rules and regulations to establish a minimum standard to ensure gaming integrity and liability to the State in contracts between racetrack licensees and their contractors.

Sec. 15 - Exempt racetrack gaming licensees from the provisions of the Uniform Disposition of Unclaimed Property Act with respect to racetrack gaming activities.

Sec. 16 - Creates the Gaming Administration Cash Fund (1) and the Gaming Revenue Cash Fund (2). Both Funds are to be invested by the state investment officer.

Sec. 17 - State Racing Commission members, starting January 1, 2012 will be paid an annual salary of \$75,000. Currently, the members serve without compensation except for reimbursement of expenses.

Sec. 18 - Includes racetrack gaming to the State Racing Commission's current purpose of regulating horseracing.

Sec. 19 - Cleanup language changing "chairman" to "chairperson." Also authorizes the State Racing Commission to employ an executive director and any necessary assistants and employees. The executive director replaces the secretary and assumes the secretary's responsibilities. The State Racing Commission is authorized to set the salaries of its employees subject to the Governor's approval.

Sec. 20 - The State Racing Commission, in addition to suspension and revocation, may fine licensees up to \$10,000 for violating a rule or regulation.

Sec. 21 - The State Racing Commission is required to enforce all laws, rules, and regulations covering racetrack gaming under the Racetrack Gaming Act (7).

Sec. 22 - Those entities that may apply for a license would also include a corporation, association, limited liability company, or partnership, of which all the owners, shareholders, members, or partners consist of such a board, society, corporation, or association.

Sec. 23 - Horseracing, racetrack gaming, and contract licenses may be issued for no more than 5 years. Currently, the horseracing license may be no longer than 1 year. Occupational, distributors', and manufacturer's licenses may be issued for no more than 1 year. All licenses have an annual review and the State Gaming Commission has the power to take disciplinary action against licensees, including but not limited to revocation. No license shall be granted to an entity

"not authorized or licensed for" the operation or management of any racing or race meeting "or racetrack gaming" licensed under such sections "or the act" . . . Horseracing or racetrack gaming licensee shall not share revenues with any person, corporation, or association.

Sec. 24 - Requires a horseracing or racetrack gaming licensee to acquire a surety bond.

Sec. 25 - Harmonizes the provision that refers to expenses for the secretary to instead be expenses for the executive director, which assumes the responsibilities of the secretary. It also replaces "State Racing Commission" with "commission."

Sec. 26 - Harmonizes the provision that notice would be given to the executive director instead of the secretary since the secretaries responsibilities have been assigned to the newly created position of executive director (2).

Sec. 27 - Prohibits a Commissioner's immediate family from having an interest in any horses being raced under the State Racing Commission's jurisdiction (1). Prohibits a Commissioner's immediate family from having conflicts of interest regarding the duties of the Commission and private employment or pecuniary interest in outside businesses or professions (2). Prohibits a Commissioner's immediate family from participating in racetrack gaming or wagering on horse races (3). Prohibits a Commissioner's immediate family from having a pecuniary interest or engage in any private employment in a business which does business with any racing association licensed by the commission or in any business issued a concession operator license by the commission or any business associated with racetrack gaming (4). Strikes employee, but includes a Commissioner's immediate family in those who would lose their office upon violation of this section (5). Requires the State Racing Commission to include in its rules and regulations prohibitions on conflicts of interests by racing officials and others licensed by the Commission regarding racetrack gaming (6). Defines immediate family to include a spouse, parent, son, daughter, stepson, or stepdaughter (7).

Russ Karpisek, Chairperson